



Implementation of human resource management functions in selected small manufacturing companies in Ga-Rankuwa industrial area, Gauteng, South Africa



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Orientation: Human resource management (HRM) is a fundamental element in the success of any organisation. Research on HRM functions in medium and large organisations has been given much attention. However, few research studies have been conducted in assessing the importance and implementation of HRM functions in small companies.

Research purpose: The objective of this study was to investigate the implementation of HRM functions and its perceived importance in small manufacturing companies (SMC), as well as the limitations or barriers to effective HRM implementation in SMCs.

The motivation for the study: Human resource management functions play a strategic role in any organisation. Literature studies indicate that relatively little is known about HRM functions in small businesses. This research aimed to contribute to the knowledge of HRM and enhance the understanding and importance of the HRM functions in SMCs.

Research approach/design and method: A qualitative research design was followed. A convenience sampling technique was used with eight participants. Data were collected by means of semi-structured interviews.

Main findings: The HRM functions of recruitment and orientation, general labour relations, human resource information systems (HRIS), performance management, training and development, and remuneration and benefit were informally implemented and acknowledged as crucial in SMCs. The study further found that a limited budget, lack of resources and capacity, inadequate systems, ineffective employment relationships, lack of knowledge and understanding of HRM functions and business instability negatively affect SMCs to implement all HRM functions within the business and therefore negatively influence the performance of the company.

Practical/managerial implications: All managers/owners and employees are aware of all the HRM functions that could enhance the performance and success of their organisation.

Contribution/value-add: The study findings will assist SMCs to implement and understand the importance of HRM functions as well as the barriers to effective implementation of HRM functions.

Keywords: human resource management; HRM functions; small manufacturing companies; small businesses; general labour relations; training and development; performance management.

Introduction

The research literature shows that several studies have been conducted in medium and large companies to assess the effectiveness of human resource management (HRM) functions. Most of the medium and large companies have developed effective human resource (HR) strategies to manage their employees (Bartram, 2005; Chand & Katou, 2007; Cho, Woods, Jang, & Erdem, 2006; Kotter, 2014; Malhotra & Temponi, 2010; Ogunyomi & Bruning, 2016; Olson & Staley, 2012; Pajo, Coetzer, & Guenole, 2010; Psychogios, Szamosi, Prouska, & Brewster, 2016). Small companies, however, have not been given much attention in this regard.

Several definitions of small companies or small manufacturing enterprises (or small manufacturing company [SMC]) are found in the literature. According to the *Australian Fair Work Act* (2009), small businesses employ less than 15 employees. The European Union classifies a business as small if it employs fewer than 50 employees. Totka (2013) defined a small business as an organisation where fewer than 500 employees are employed. According to Prajapati (2018), financial turnover and capital are the main characteristics to classify a company as a small

business. Most definitions, however, seem to agree that a small business is defined by either the number of employees employed in the organisation or by its annual turnover.

Krishnan and Scullion (2017) noted that SMCs play an important role in the economy of any country. Small businesses are confronted with challenges such as insufficient managerial skills, lack of trained staff, poor financial management, limited budget and technology, all of which impact negatively the business performance and success (Karadag, 2015; Mokomane, 2018). Mokomane (2018) confirmed that although HR practices in SMCs are done informally, a small business still encounters several challenges to the successful implementation of HRM functions. Some of these challenges include limited budgets, lack of resources and capacity, inadequate systems, poor relationships between employer and employees and lack of HR knowledge and business instability.

This article aims to broaden research on the implementation of HRM functions and its perceived importance in SMCs, as well as the limitations or barriers to effective HRM implementation in selected SMCs in the Ga-Rankuwa industrial area of the Gauteng province. The findings from the research may contribute to the field of HRM. More specifically, this article contributes to the knowledge of human resources in terms of identifying which functions are implemented in SMCs and how it relates to the perceived importance of the function. On a theoretical level, the research findings may be useful for future research, contribute to the knowledge of HRM and positively enhance the understanding and importance of the HRM functions in a small organisation. On a practical level, the research can be used by SMCs to create awareness in terms of which functions are indeed crucial for the success of an organisation. In addition, recognition will be created in terms of the barriers to successful implementation of HRM. Organisations can use this knowledge to implement the functions deemed necessary as well as to design strategies to reduce the identified barriers.

Problem statement

Global changes in the manufacturing setting directly influence the competitiveness of SMCs in South Africa. For an SMC to be competitive, it should have policies and procedures to guide it to remain and maintain a competitive edge. In view of the above, this article aimed to investigate the implementation of HRM functions as guidance to competitiveness and its perceived importance for SMCs, as well as the limitations and barriers to effective HRM implementation in SMCs. The findings will address the problem of the limited information available with regard to HRM functions within SMCs.

Research questions

This article addressed the following research questions:

- Which HRM functions are most commonly implemented in SMCs?
- What is the perceived importance of the HRM functions implemented in SMCs?

- What are the perceived limitations/barriers to effective HRM implementation in SMCs?
- What recommendations can be made to improve HRM functions?

Literature review

Human resource management is a strategic approach to the effective management of employees within an organisation to gain and enhance competitive advantage and successful performance. Several HRM functions were found in the literature, which can be used to manage employees successfully within an organisation. Ogunyomi and Bruning (2016:66) indicated that the core HRM functions include '(1) planning and recruitment, selection and induction; (2) performance management; (3) learning and development and (4) recognition and reward'. Akpan (2011) added employee well-being to the core HRM functions. Haslinda (2009) categorised HRM functions into recruitment and selection; compensation and benefits, labour and industrial relations; and safety and health management, training and development, performance appraisals management, career planning and development, and change management. According to Psychogios et al. (2016), HRM in SMEs has mainly been studied in Western countries or large economies (such as the East). It is therefore important to take typical HRM functions within the South African context into consideration.

For this study, the HRM model of the South African Board for People Practices (SABPP) was adopted. The SABPP HRM model outlines the minimum set of HR practices that small, medium and large companies should apply to successfully and efficiently manage their employees. The SABPP HR System Standards Model consists of 13 HRM functions (see Table 1).

Human resource management is a vital strategic partner in the business environment, as it ensures that the business has qualified employees to conduct daily business (Jacobson & Sowa, 2015; Krishnan & Scullion, 2017). The success of a business highly depends on the management of its employees and a proper established structure within the business (Sheehan, 2014). The importance of implementing HRM functions in SMCs is considered valuable and contributes to the organisational goals (Ogunyomi & Bruning, 2016; Wu, 2014). If HRM functions are not implemented, the turnover rate of employees will increase and productivity will decrease (Henning, 2019; Shen, Chanda, D'Netto, & Monga, 2009). An organisation may have trouble to resolve conflict owing to the lack of labour relations policies and procedures to handle employee relations matters (Caldwell, Truong, Linh, & Tuan, 2011). Most small companies fail to apply HRM functions and, as a result, individuals are appointed in positions where they do not possess the relevant skills and knowledge (Guest, 2011). Employees in most SMCs are not being trained or developed to improve on their current capacity; employees are unfairly remunerated, organisations typically encounter

TABLE 1: Human resource management functions as categorised by the South African Board for People Practices.

HRM function	Description	References
Strategic human resource management	The process of ensuring that HRM functions of an organisation are identified, and HR plans are effectively implemented in line with the business strategy to ensure that the long-term goals of the organisation are achieved.	Kehoe and Wright (2013), Lengnick-Hall, Lengnick-Hall and Rigsbee (2013), Schalk, Timmerman and Van den Heuvel (2013)
Recruitment	The process of identifying the skills demanded by the organisation and establishing the hiring cost implications before embarking on the recruitment process. Recruitment can either be done externally or internally to attract and appoint an applicant on a temporary, fixed-term or permanent basis owing to the operational needs of the organisation.	Keeling, McGoldrick and Sadhu (2013), Nielsen (2015)
Selection	The process of screening and selecting the candidates whose qualification, experience, skills, and knowledge match the requirements of the advertised position. The selection process utilises relevant HR tools and techniques to find a suitable candidate to fill the vacant post.	Chan and Kuok (2011), Kumari (2012)
Orientation	The process whereby the organisation provides new employees with a formal introduction to the existing employees, employees are introduced to the organisation's culture, its clients and procedures and policies of the organisation and to ensure that employees understand what is expected from them. Orientation is used as an ideal awareness and communication tool to provide information about the business operations to the new employees.	Dimba and Rugimbana (2013), Schultz (2001)
Training and development	Training is the process of assisting employees to gain the required skills to effectively perform the duties and increase their present knowledge. Training provision plays a crucial role as it serves as a form of motivation and inspiration mechanism for employees to be committed to the organisation. Development involves the process of empowering employees to acquire needed skills, experience and knowledge to promote growth within the organisation. Human resource management development focuses on strategic HRM that is human capital contributions, strategic capabilities and an organisation's competitive performance to be more responsive to internal and external changes, which might have an impact on the business.	Grossman and Salas (2011), Karakas and Manisalgil (2012), Nel (2001), Tomé (2011)
Talent management	The process of attracting and selecting talented individuals internally and externally to achieve the objectives of the organisation. Talent management is a succession planning tool that is used to identify and develop people for a particular position to retain and reward their talent within the organisation.	Bhengu and Bussin (2012), Garavan, Carbery and Rock (2012)
Labour relations	The process of managing unionised employment situations to resolve conflicts that may arise in the business environment and to promote healthy relationships amongst employees and employers; labour relations thus involve the relationship between employees and employers within the business environment. This includes initiation, development and implementation of human resource policies, which are aligned with the South African labour legislation and in consultation with and involvement of the bargaining council, where there are representatives for employees.	Baird and Williamson (2010), Batt and Banerjee (2012)
Remuneration and benefits	Remuneration involves the process whereby employers reward employees in the form of salary or wages for the completed job/task as per the contract of employment. Benefits refer to the compensation paid by an employer to its employees, which includes medical aid, pension funds, unemployment insurance and group life insurance, injury on duty and relocation benefits. The correct standard for the administration of employees' remuneration and benefits should be applied to ensure that the administration is aligned with the <i>Basic Conditions of Employment Act No. 75 of 1997</i> .	Du Plessis and Fouché (2006), Kaur (2013), Przytuła (2013)
Organisational development	The process of creating continuous improvement within the organisation by ensuring that organisational structures are often reviewed to align with the external and internal changes in the business environment. Organisational development is the process of planning and designing the structure of the organisation by growing the capacity within the company to achieve the objectives of the organisation.	Ceylan (2013), Turner, Swart and Maylor (2013)
Performance management	Performance management is the systematic approach of measuring the performance of employees to evaluate whether the tasks are accomplished as indicated in their job description. Performance management involves the process of assessing both individuals and group performance. Performance management is done to monitor individual and group performance to assist employers in pinpointing which individuals or groups need further assistance or training to meet the organisational and individual objectives.	Louw-Potgieter (2012), Yadav and Dabhade (2013)
Human resource information systems (HRIS)	Human resource information system is the computer-based system used by human resource practitioners to enter data into the system: to create employment records, capture and update employees' personal information and upload vacant positions for online applications.	Benedict (2013), Dulebohn and Johnson (2013)
Measuring HR success	Measuring human resource success is the process of determining the importance and effectiveness of HRM functions to assess its contribution towards organisational goals. Measuring human resource success focuses on measuring the budgets of human resource departments, such as assessing training expenses, advertising and hiring costs as well as talent management costs.	Bani, Bani, Pourbagher, Taghavi and Mansourian (2014), Davidson, Timo and Wang (2010)

HRIS, Human resource information systems; HRM, human resource management; HR, human resource.

several grievances and, ultimately, it affects negatively the operations and success of the organisation (Frick, Malo, Martinez, & Schneider, 2012).

Previous research (Krishnan & Scullion, 2017; Nolan & Garavan, 2016) has revealed several reasons for the lack of implementation of HRM functions in SMCs. Some of the reasons identified by these authors include (1) a lack of guidelines or procedures to assist employees in understanding and practising HRM functions; (2) lack of HRM professionals to help organisations to implement the functions effectively; (3) insufficient managerial skills; (4) lack of trained staff; (5) poor financial management; (6) a limited budget to implement functions; and (7) lack of experience, skills and competence to perform and manage HRM functions. Although it is important, it is not always possible for all SMCs to implement all the HRM functions. It is however important to recognise which functions are vital for the organisational success.

Aim and purpose of the study

Ineffective implementation of HRM functions in small businesses can lead to lower productivity and a reduced competitive advantage (Sikora & Ferris, 2014). This study therefore aimed to investigate the implementation of HRM functions and its perceived importance in SMCs, as well as the limitations and barriers to effective HRM implementation in SMCs.

Research method and design

Research approach

This study employed a qualitative research design with a descriptive research approach to determine the perceived importance of HRM functions implemented in SMCs as well as limitations or barriers to effective HRM implementation in SMCs. The researcher thus aimed to describe the precise lived experiences of the

individuals without an assumption about the phenomenon under study (Oliver, 2012).

Research strategy

In this transcendental or descriptive phenomenological study, employees employed in SMCs within the Ga-Rankuwa industrial area were interviewed. Phenomenologists focused on describing what all participants have in common as they experience a phenomenon (Giorgi, 2010).

Research setting

The research setting refers to the physical environment in which the researcher conducts the interview (Mannay, 2010). The research was conducted amongst SMCs within the Ga-Rankuwa industrial area. The interviews were held at the participants' workplace in a setting provided by the participants at an appropriate site of convenience. The research setting and physical environment are vital as these aspects can influence the outcome of the research (King & Horrocks, 2010; Terre Blanche, Durrheim, & Painter, 2006). Therefore, the researcher ensured that the interview setting was comfortable, allowed for privacy and that it was a quiet surrounding during the interviews.

Entree and establishing researcher roles

The researcher plays different roles in the research. In this study, access to the research setting was undertaken by obtaining permission from the owners or managers of the relevant SMCs within the Ga-Rankuwa industrial area. The researcher planned and conducted the interviews at the participants' workplace. The researcher first explained the research process and obtained informed consent from the participants before commencing the interview.

Participants and sampling

De Queiroz (2007) defined delimitations as the determination of the boundaries and specific numbers of the cluster from the empirical study. This research only focused on SMCs at Ga-Rankuwa industrial area (Gauteng province). A convenience sampling technique was used to select the SMCs in the area. Therefore, SMCs that were accessible to use and willing to participate were selected for the study. The study excluded other small companies and SMCs from other provinces and other areas within Gauteng province. This study, in particular, used a qualitative method approach to investigate the implementation of HRM functions and its perceived importance, as well as the limitations or barriers to HRM functions in SMCs. The participants in this research were managers, supervisors, HR practitioners or officers and employees involved in HR administration. The sample was a minimum of eight participants within different SMCs or until data saturation was reached.

TABLE 2: Interview questions.

Question	The rationale for including this question
Which HRM functions are most commonly implemented within SMCs?	This question helped to identify HRM functions, which are most commonly implemented within SMCs.
What is the perceived importance of the HRM functions implemented in SMCs?	This question helped to identify the perceived importance of the HRM functions implemented in SMCs.
What are the perceived limitations or barriers to effective HRM implementation in SMCs?	This question helped to identify the perceived limitations or barriers to effective HRM implementation in SMCs.
What recommendations can be formulated for improving HRM practices?	This question helped to propose recommendations to improve the implementation of HRM functions.

HRM, Human resource management; SMCs, small manufacturing companies.

Data collection methods

Data collection is the process of identifying the data collection methods to gather and measure information from a range of sources to obtain appropriate outcomes (Brod, Tesler, & Christensen, 2009). A qualitative data collection method was used in this study. Semi-structured interview questions were used as a data collection method concerning the perceptions of the implementation, perceived importance and limitations or barriers to HRM functions in SMCs. Semi-structured interviews were conducted with the following four open-ended questions (see Table 2).

Recording of data

Interviews were conducted in English, and all the participants were fluent in English. All the meetings were audio-recorded, transcribed verbatim and then checked by the researcher. The interviews were audio-recorded to ensure correctness, truth and quality of the data. Recording of the interview ensured that the researcher correctly captured the qualitative data (Tuffrey-Wijne & Butler, 2009). The transcripts were used in the data analysis process. Both the audio recordings and transcripts were kept in a safe place to maintain confidentiality.

Data analyses

Data analysis is a process in which the data are broken down into smaller meaningful pieces to interpret and conceptualise it (Bailey, 2008). The researcher ensured that preconceptions do not twist the meaning of the data discovered (Lukka & Modell, 2010). A categorising technique was used to analyse the data in this study (Vaismoradi, Turunen, & Bondas, 2013). Accordingly, similar data were grouped and conceptualised before axial coding was employed. Open coding is applicable to analyse qualitative data by naming and categorising or grouping similar data, whereas axial coding links various categorised data obtained from open coding to relate to each other. Most importantly, the analysis of the qualitative research methodology using the phenomenological approach allowed the researcher to discover and interpret participants' lived experiences (Sloan & Bowe, 2014).

Research quality assurance

Peredaryenko and Krauss (2013) noted that the main instrument in qualitative research is the researcher because the researcher observes, writes notes, speaks to participants, interprets and makes sense of the phenomenon under study. The researcher consulted theoretical literature applicable to the research topic and used a triangulation strategy to collect and compare multiple data sources to search for common themes to support the theory. A qualitative approach using semi-structured interviews was used to control bias and provide valid and conclusive evidence. Prior to the interviews, the researcher read a prepared background and purpose of the research to the participants. Furthermore, the researcher created a positive interview environment before asking the participants to share their perspectives regarding the implementation of HRM functions, its perceived importance and limitations or barriers to effective HRM implementation within SMCs. Note-taking and a digital voice recorder were used to capture the interview proceedings. The use of this method was informed by the need to ensure trustworthiness and reliability of the data. This study thus made sure to establish trustworthiness in terms of credibility, authenticity, transferability, dependability and confirmability.

Ethical consideration

Ethical considerations focus on ensuring that the researcher adhered to ethical principles and that codes of ethics are not compromised during the study to protect the participants from any harmful practices (Garriga & Mele, 2004). Ethical clearance and approval were obtained from the research institution and the organisations where the interviews were conducted (Ethical clearance number: 2017_HRM_006). Permission was obtained from the owners or managers of the relevant SMCs within the industrial area to conduct the research. It was ensured that the ethics procedures of the institution were followed at all times. Participants were provided with an inform consent form clearly stating the purpose of the qualitative study. They were assured of the rightness of their privacy, for example, the identity of the participants was kept anonymous, all the data were handled confidentially and participation was voluntary. Also, participants signed the consent form to grant permission to partake in the study (Welman, Kruger, & Mitchell, 2005).

Findings and discussion

The section presents and discusses the research findings of the study in terms of phenomenological qualitative analysis. Data analysis of the interview data yielded four themes relating to the implementation of HRM functions within SMCs. The following themes were identified using Tesch's (1990) method of content analysis: (1) explanation of the implementation of HRM functions, (2) perceived importance of the HRM functions implemented in SMCs, (3) perceived limitations or barriers to effective HRM

implementation in SMCs and (4) recommendations for improving HRM practices.

The following section outlines the above-mentioned themes.

Theme 1: Implementation of human resource management functions

Table 3 shows that 12 subthemes emerged from Question 1 (Regarding the implementation of HRM functions within SMCs, which HRM functions are most commonly implemented within SMCs?). The subthemes related to strategic HRM, recruitment, selection, orientation, HR training and development, labour relations, remuneration and benefits, performance management, HR information systems, manual HR administration, limited benefits and no performance bonuses.

The findings revealed that of the eight SMCs interviewed, participants confirmed that SMCs implemented informal HR practices such as strategic HRM, recruitment, selection, orientation, training and development, labour relations, performance management, and remuneration and benefits. Five participants confirmed that SMCs used manual HR administration. Human resource management functions such as competitive remuneration and benefits, talent management, organisational development, measuring HR success and human resource information systems (HRIS) were not implemented within the sampled SMCs. Human resource information systems was not predominant. However, Participant 3 mentioned that internal systems are used to calculate hours, overtime and to pay salaries. Therefore, it seems as if SMCs implement HRM functions; however, it is carried out informally. Based on the interviews, recruitment, orientation, training and development functions were mostly implemented by the rest of the sampled SMCs. Participant 6 emphasised that training and development are implemented; however, there is a lack of collective participation in training arrangements within the business. According to participants 4 and 8, the business makes a lower profit; however, employees are entitled to a year-end performance bonus. All the eight participants reported that they comply with labour legislation. However, the extent of compliance was not determined. From Table 2, it could be further concluded that not all HRM functions were implemented within SMCs. It is evident that informally some of the HRM functions are implemented. No formal policies and procedures seem to be in place for guiding the implementation and execution of HRM functions.

Theme 2: Perceived importance of the human resource management functions implemented in small manufacturing companies

Table 3 shows that seven subthemes emerged from Question 2 (i.e. What is the perceived importance of the HRM functions implemented in SMCs?). The subthemes related to recruitment, remuneration and benefits, labour relations, performance management, HR information systems, orientation, and

TABLE 3: Summary of the core themes about implementation and perceived importance of human resource management functions as well as perceived limitations or barriers to effective human resource management implementation in small manufacturing companies.

Theme	Sub-theme	Example of quotes
Implementation of HRM functions		
Question 1: Regarding the implementation of HRM functions within SMCs, which HRM functions are most commonly implemented within SMCs?	Strategic HRM	Participant 1: 'We are currently have ... assisting of management with strategic planning'.
	Recruitment	Participant 1: 'We are currently have ... sourcing of employees for the organisation. We have four recruitment sources, number one is word of mouth, number two Department of Labour, number three TVET College, even universities is so required that you need somebody at that level'.
	Selection	Participant 7: 'doing the simplest way, we don't interview, like, for instance, here we are producing clothing so we take somebody who said they know the job; we take that person to the machine, eh ... The machine will interview that person. [We] take you to the machine, you do, if you fail bye-bye. If you have got potential, but you don't know the job, we keep you'.
	Orientation	Participant 2: 'Eh ... the newly recruit employee and before in terms of our recruitment procedures is after having gone through other steps. The last few steps that you go through are once the incumbent is relevant to the position that you are looking for. Then you will have the employee inducted and at the end of the day after induction, the employee will then sign the contract and from there he will go into production where he will then receive on-the-job induction and that's it in short'.
	HR training and development	Participant 8: 'Staff training the only staff training that we have is probably ... mostly in the production department where they would eh ... identified a potential eehh employees starting from casuals when they hire casuals, and then they identify there is a potential in this particular casual they will train them in-house mostly for eehh production department so we train people in-house for base assembling, mattress assembling and tapping so that gives us eh ... the two sets of staff here, do not come here explain the staff but they will train in-house, eh ... So, we are like a training Centre as well to the community'.
	Labour relations	Participant 5: 'Eh administration part of the company, eh okay eh administration of leave okay all type of leave, your family responsibility leave, your annual leave, sick leave and other leave okay. Eh is important'.
	Remuneration and benefits	Participant 7: 'Eeehh about the pay is very very easy because of pay we pay according to the bargaining councils; I don't entice if the bargaining council says we must pay R20 an hour that's what we do. Yes "we do pay UIF, provident fund eh workers they have just started to contribute; we have been contributing all this year. We have started last year to contribute we have been paying for them, people don't appreciate you see this is somebody's pay slip she earns (Amount) that is 1% of UIF'.
	Performance management	Participant 4: 'Eh when comes to performance management eh normally during December eh I just give them smallernyana (small) bonus just to thank them, to give them spirit so they come again next year'.
	HR information systems	Participant 3: 'Eh function is the new system (internal system) that we are trying because we have some shifts ... So, it was difficult for us for calculating hours, overtimes; so the new system that we are using now is easier to calculate hours and their overtimes'.
	Manual HR administration	Participant 6: 'HR is based in head office, but then we do our own HR, which we send to head office, what we do from here is just paperwork'.
	Limited benefits and no performance bonuses	Participant 6: 'You don't find this benefits huge benefits that you would like to have. Eh Pension fund I would like it to happen but at the moment no'. Participant 7: 'No performance bonus this is a very small companies for the past 14 years we have been struggling to be on the ground level every day if I have R50 000 that R50 000 within 30 minutes I can spend it with arrears or the money that owe people or buy raw material I don't have incentives'.
Perceived importance of the HRM functions implemented in SMC		
Question 2: What is the perceived importance of the HRM functions implemented in SMCs?	Recruitment	Participant 1: 'Let me start with the sourcing of employees. We have developed eh policies and for sourcing of employees for the organisation; we have a recruitment policy where we have processes on how can we get employees to the company, and it states different sources that we can use'. Participant 2: 'Can I add on that one? In addition to why we had to come up with this kind of policy was because it's very much important that the people that you recruit should be matched with your job requirements. ... you cannot just recruit anybody that will just come in, and at the end of the day you found that he or she doesn't fit with the position that you have advertised or position that you are looking for; so the very important area of it is to make sure that you have relevant people into the company that match the position that is available'.
	Remuneration and benefits	Participant 8: 'The leave pays they do help them that when they are away on leave, they can still be able to look after their family when leave is paid when someone is actually taken the annual leave so the implem eh... The system that we are currently using now they are of very much importance in the company'.
	Labour relations	Participant 5: 'Eh the functions that are very important to small manufacturing companies I would say are your labour relations functions eh; basically looking at your discipline act at workplace okay because discipline remains one of the core functions of each manager and supervisor and eh we want to see an HR function as a custodian of the disciplinary procedure eh that must ensure that there is fairness, consistency and impartiality. Okay then by doing that if we succeed by doing that we would ensure that there is labour peace in the organisation'.
	Performance management	Participant 4: 'The importance ... Eh... about the performance management as I said it, we give them smallonyana (small) bonus at the [end] of the year okay; that bonus for me is to give them a spirit and just to thank them for all the things we did through the year, so they come again next year just to keep the spirit and maybe that money can play a part on some of the problems they have at their homes during December'.
	HR information systems	Participant 3: 'Just to make sure that the payments are up-to-date and every one the rate[s] is [are] going accordingly. Mostly before the recycling ... we were paying people cash so using the system was easier. Paying cash is dangerous. People don't know how to save [be]cause they get cash on hand [and] they spend it a lot. So, if we are using this system is going through the bank they know how to save; at least, they can see what they [are] working for'.
	Orientation	Participant 2: 'Once the incumbent is relevant to the position that you are looking for, then you will have the employee inducted and at the end of the day after induction, the employee will then sign the contract and from there he will go into production where he will receive on-the-job induction'.
	Training and development	Participant 7: 'Eh ... yes they are when it comes to training eh ... we will train supervisors. We train a person when they are competent. I will only train supervisors who will do; supervisors are my extension, who will do they will carry my instruction to the production line'.
Perceived limitations or barriers to effective HRM implementation in SMCs		
Question 3: What are the perceived limitations or barriers to effective HRM implementation in SMCs?	Ineffective employment relationships	Participant 2: 'Labour relations issues when it comes to eh ... disputes that you may face with within an organisation, normally you will find that most of the small businesses are not organised in terms of unions and management relationships. It will be a relationship that is directly between the employee and the employer and eh when you have eh misunderstanding people tend to run outside rather than look into exhausting the procedures that are in existence in the organisation'.
	Lack of employee capacity	Participant 8: 'We find and her ... then we end up having to overload one person with all those duties like when you try to do the system using the cut system and what ... when you try to explain to them how it works. It becomes a challenge so at the end of the day we have to refer to using the traditional system that the company has been using and then the other challenge is also we have got a very small staff and eh for you to implement certain system you might need more manpower to do that and then we are working with very limited staff. We are not more than 15 here, and we try to keep it that way because we are a small company'.
	Limited budget and resources	Participant 4: 'Okay eh firstly like actually I do have the limits okay eh. The limit is because of like we are a small organisation, so like the profit that we made is not enough for me to implement huge things but then I am willing to implement them just that at the moment like the profit that we are making is not enough for us to implement those things. The business may collapse ... may collapse. I do all the things on my own because our businesses as I said before is too small so like sometimes I cannot hire like maybe an HR or someone who is highly qualified eh [be]cause of the profit that I made'.

Table 3 continues on the next page →

TABLE 3: Summary of the core themes about implementation and perceived importance of human resource management functions as well as perceived limitations or barriers to effective human resource management implementation in small manufacturing companies.

Theme	Sub-theme	Example of quotes
Question 4: What recommendations can be formulated for improving HRM practices?	Inadequate systems	Participant 6: 'We do not have the system whereby from my side, I apply leave on the system. No, I still use a leave form, then I send to HR, they there have I want to believe that system (wish to have the system in place)'.
	Lack of knowledge and understanding	Participant 5: 'One of the barriers like I have explained is eh ... maybe the understanding of your senior management here with regard to the grasping the idea of human resource functions. Okay, the other barrier will be the owners or the entrepreneurs don't necessarily see eh ... HR functions as a strategic support to the business itself okay eh the other barrier will be eh if the entrepreneur doesn't see HR as adding value to the business, it becomes difficult to get the buy-in from that person, and if you don't have buy-in, it is difficult to implement eh whatever you want to implement'.
	No recommendations	Participant 2: 'At the present moment as we rightfully indicated to you that we are in the process of implementing HR system in this organisation. We cannot really come up with any suggestion or any recommendation as yet but probably as time goes by once the system is fully implemented maybe we may think of other ways and means of recommendation that we can come up with to improve the situation but for now we don't have anything'.
	Provide training and development opportunities	Participant 3: 'We need to make some courses to teach because some small companies are mostly working with part-time people. The system is working with part-time because mostly it is the permanent system for permanent people; the part-time one is still a challenge'.
	Create awareness with regards to the importance of HRM functions	Participant 5: 'The recommendation that will see is to get your top management to understand the human resource functions, you know because if you can't get them on board, then the HR functions will suffer alright, eh ... the other thing is eh when senior management should see HR functions as part of their strategic planning going forward'.
	Hands-on management approach/Top management buy-in	Participant 7: 'The suggestion will be different company. They have got different challenges. So, management style is different everybody every company, every manager, they can suggest better how to implement. They can recommend better from theirs, but it's completely important that every manager must be hands-on. Most companies went down because when they start to generate enough money, people can go and play golf, and then you let in loose cannon to fly over. People are stealing money because you are not hands-on. People, eh production goes down every time when I leave the office the production drops, why? Because people are relaxing when it's time to work, let's work when it's time to crack jokes, let's crack jokes to the limit. When it's time to go home, everybody must pack and go home'.
	Adopt anti-nepotism policy	Participant 8: 'Nna I will recommend small companies should do away from employing people in terms of I don't know whether you call it eh...Nepotism or what whereby you don't get qualify staff and then eh...you are forced to accept what is there you get what I'm trying to say, where are people who have been hired here because eh ... their relationship between the owner of the company and whatever whatever. So, I think small company should look at eh ... employing people with qualifications though I know they sometimes run away from that because it also comes along with proper salary scale that is also regulated by the law'.

Source: Mokomane, S.E. (2018). *Implementation of human resource management functions in selected small manufacturing companies in the Ga-Rankuwa Industrial Area of Gauteng Province*. Unpublished dissertation, University of South Africa, Pretoria.

HR, Human resource; HRM, human resource management; SMCs, small manufacturing companies.

training and development. It is evident from Table 2 that the importance of HRM functions in SMCs includes the following: assisting companies to have successful recruitment and appointments; ensuring that small companies conduct successful job induction, providing correct salary and benefits administration, and motivating and increasing employees' morale level. A transfer of skills through offering training to improve organisational performance is crucial. Participants further emphasised that the perceived importance of HRM functions lies in assisting small companies to comply with relevant legislation, such as *Labour Relations Act*, *Unemployment Insurance Act*, *Basic Conditions of Employment Act*, and *Occupational Health and Safety*. It can be concluded that the implementation of HRM functions is considered essential to ensure successful operation in SMCs. It seems as if employees might think that having formal policies and procedures about HRM functions will ensure the effectiveness of HRM functions and increase productivity in SMCs.

Theme 3: Perceived limitations or barriers to effective human resource management implementation in small manufacturing companies

Table 3 shows that five subthemes emerged from Question 3 (i.e. What are the perceived limitations or barriers to effective HRM implementation in SMCs?). The subthemes related to ineffective employment relationships, lack of employee capacity, limited budget and resources, inadequate systems and lack of knowledge and understanding. As shown in Table 3 the following limitations or barriers to the effective implementation of HRM in SMCs were reported: (1) company encountered limited budget, (2) lack of resources and capacity, (3) inadequate systems, (4) a weak relationship

between employer and employees (ineffective employment relationships), (5) business instability and lack of knowledge and understanding of HRM functions. It can be concluded that the above-mentioned barriers or limitations negatively affect SMCs to implement all HRM functions within the business and, therefore, negatively influence the performance of the company. Furthermore, the participants reported that they are unable to fulfil all HRM functions owing to limited budget and resources within the business.

Theme 4: Recommendations for improving human resource management practices

Table 3 shows that five subthemes emerged from Question 4 (i.e. What recommendations can be formulated for improving HRM practices?). The participants indicated the following recommendations for improving HRM practices: provide training and development opportunities; create awareness about the importance of HRM functions; implement hands-on management approach and top management buy-in in terms of managing employees, and adopt an anti-nepotism policy.

Discussion

This study aimed to investigate the implementation of HRM functions and its perceived importance in SMCs, as well as the limitations or barriers to effective HRM implementation in SMCs. The study found that not all HRM functions were implemented within SMCs because of lack of resources and capacity, lack of knowledge and understanding of senior management regarding HRM functions and limited budgets. It is evident that informally some of the HRM functions were implemented. No formal policies and procedures seem to be in place for guiding the implementation and execution of

HRM functions, which is also confirmed by a study carried out by Mtshokotshe (2018). The interpretations of the participants regarding the implementation of HRM functions and its perceived importance in SMCs as well as the limitations or barriers to effective HRM implementation in SMCs are similar to those indicated by the research literature (Barret & Mayson, 2007; Mokomane, 2018; Maldonado-Guzman, Garza-Reyes, Ponzo-Castro & Kumar, 2017). It was evident from the literature that small businesses are not equipped enough to respond to the environmental changes, which affect the business operations owing to the lack of strategic HRM (Simsek & Heavy, 2011). Darcy, Hill, McCabe and McGovern (2014) stated that the lack of financial resources impacts negatively small companies to adopt some of the HRM functions, which concur with the findings of this study. Schuler and Jackson (2014) further buttressed that owner or manager buy-in is important because management perceptions can be a barrier to the implementation of HRM functions in the business environment.

More specifically, the study found that HRM functions, such as talent management, organisational development, risk management and measuring HR success, were not implemented in SMCs and not seen as important. Strategic HRM and selection were implemented, but they were not seen as important. Although they are very important HRM functions, it seems as if they were not essential for the survival of SMCs. Human resource information systems and remuneration and benefits were partially implemented, but they were seen as important HRM functions. The participants still considered HRM functions as important in SMCs and every organisation; however, the lack of resources (skills, capital, personnel and knowledge) affects the full implementation of HRM functions in SMCs (Baumann-Pauly, Wickert, Spence, & Scherer, 2013; Okoye & Ezejiofor, 2013; Terziovski, 2010). Recruitment, labour relations, performance management, orientation, and training and development were implemented and indicated by the participants as important for SMCs. It seems as if HRM functions were informally implemented. However, the participants feel it is essential that it should be formalised into policies and procedures.

The research findings were presented in two forms. The study discussed the integration of the literature review and the empirical study. From eight SMCs interviewed, the participants confirmed that SMCs implemented informal HR practices, such as strategic HRM, recruitment, selection, orientation, training and development, labour relations, performance management, and remuneration and benefits. Human resource management functions such as competitive remuneration and benefits, talent management, organisational development, measuring HR success and HRIS were found not implemented within the sampled SMCs.

The participants also confirmed that SMCs used manual HR administration. One participant reported that internal systems are used to calculate hours, overtime and to pay salaries. The perceptions of participants regarding the

implementation of HRM functions in SMCs support previous studies in the literature. The literature indicated that HRM functions in small companies are inadequately implemented. Malhotra and Temponi (2010), Mokomane (2018), and Zhu and Verstraeten (2013) underscored that small businesses do not usually use HRIS in the business environment. Hussain, Wallace and Cornelius (2007) argued that small companies should learn from larger companies to utilise technology for various HR purposes. Although HR practices in SMCs are performed informally, it is evident that the implementation of HRM functions is considered important to ensure successful operation in SMCs. Albrecht, Bakker, Gruman, Macey and Saks (2015) asserted that HRM functions promote excellent communication and ensure that HRM policies and procedures are implemented. However, the participants might be of the view that having formal policies and procedures about HRM functions will ensure the effectiveness of the function and increase productivity in SMCs. This study found that SMCs encountered limitations or barriers to effective HRM implementation in SMCs. The participants reported that limited budget and a lack of resources negatively affect SMCs to implement all HRM functions within the business. Several studies have also found that limited budget and a lack of resources are the most evident limitations or barriers encountered by the SMCs (Ahmer, 2013; Darcy et al., 2014; Jadhav, Mantha, & Rane, 2014; Ongori & Migiro, 2010).

The participants provided recommendations for improving HRM practices in SMCs. The most important recommendations provided by the participants were to provide training and development opportunities, create awareness about the importance of HRM functions, implement hands-on management approach and/or top management buy-in regarding managing employees and adopt the anti-nepotism policy.

The above recommendations signify that all managers or owners and employees should get the appropriate training regarding the implementation of HRM functions. Hands-on management approach and/or top management buy-in will assist managers to recognise employees' input and gain more understanding of HRM functions in their business operations. It is necessary to create awareness regarding the importance of HRM functions to encourage SMCs to implement all HRM functions. Also, it is essential to implement anti-nepotism policy in SMCs to prevent any form of preference about recruitment, salary or promotion of a close relative. The anti-nepotism policy will encourage healthy relationships in the workplace. Managers or owners play a critical role in ensuring that business operation plans and long-term objectives are achieved. Therefore, the manager needs to have extensive knowledge of HRM (Dezdar & Ainin, 2011; Yates & Paquette, 2011). Both employer and employees should create a work environment that encourages engagement and ensures successful business operation (Bakker, Albrecht, & Leiter, 2011; Brown, 2013). Owoyemi, Oyelere and Elegbede (2011) also emphasised that it is essential for both employees and managers to ensure the successful implementation of HRM functions in small companies.

Practical implications

All managers or owners and employees must be aware of all the HRM functions that could enhance the performance and success of their organisation. The results of this study may guide SMCs in terms of which functions are essential to implement for the survival of their business. Although it is understandable that SMCs do not see the need or have the resources to implement HRIS within their organisations, incorporating technology is becoming inevitable as we are entering fourth industrial revolution. (Amaral, Jorge, & Pecas, 2019). Awareness should be created that even though adopting and implementing HRIS may be costly, the long-term benefit that any organisation will gain from using technology will be far more than the initial cost.

Limitations of the study and recommendations for future research

The study provided contributions regarding the implementation of HRM functions in SMCs. There were limitations of the empirical study: participants in this study were employees of selected SMCs within the Ga-Rankuwa industrial area (Gauteng province). The research only focused on SMCs in Ga-Rankuwa industrial area and excluded other small companies and SMCs from other provinces and other regions of the Gauteng province. Thus, no generalisations can be made, as the perceptions of participants explored in this study could be representative of only the particular SMCs that were included in the study. However, the participants' responses may still be typical of what employees in South African workplace experience, thereby allowing for the transferability of the study findings (Appleton, 1995; Terre Blanche et al. 2006). Future studies integrating more participants from different sectors and provinces of South Africa might reveal further insights into the implementation of HRM functions and its perceived importance as well as limitations or barriers to effective HRM implementation in SMCs.

Conclusion

Human resource management functions play a vital role in ensuring that business operations are efficiently met to contribute to the overall objectives of the organisation. Therefore, it is essential to implement interventions to enhance employment relationships and to create an understanding of HRM functions. For instance, it can be recommended that SMCs have quarterly informal lunch breaks together or a team-building or sharing session to build rapport and increase satisfaction with employment relationships. Online cheap or free crash courses on HRM functions, a free training programme by labour department or reading of HR magazines (workforce magazine, HR future and HR magazine) on HRM functions and its importance may be beneficial to the owners of SMCs. This may reduce the limitations or barriers to the business,

thereby leading to the effective implementation of HRM functions in SMCs.

Small manufacturing companies implement HRIS on a small scale. However, SMCs can rent services and software from the supplier, unlike purchasing a large, expensive HRIS. Training and development opportunities should be provided to both employees and owners. For instance, on-the-job training and off-the-job training methods can be applied to educate both parties to obtain knowledge and improve the understanding of HRM functions. Owners should support HR presentation within the business to create awareness about the importance of HRM functions in SMCs. This will empower and encourage everyone to implement HRM functions successfully in the business environment. Management should follow a more hands-on approach. Human resource management functions in an organisation can be effectively implemented only if the owners or top management communicate the advantages of HR practice within the business environment. Therefore, the implementation of HRM functions should be a collective teamwork from the top management or owners and employees. Small manufacturing companies need to adopt an anti-nepotism policy. This can be done by involving employees in the process of developing the policy and procedure and communicating the approved policy and procedure to staff members. Also, SMCs need to provide training where required. Based on the recommendations of the participants, the researcher made the following recommendations to improve the implementation of HRM functions in SMCs: participants reported that SMCs implemented informal HR practices. However, SMCs need to formalise some of their HRM functions (such as developing clear policies and procedures in terms of recruitment, selection, training and development and performance management) within the business and ensure that those HRM functions that appear as important must be consistently implemented in SMCs.

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